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## **Treasurer Tavares Announces Investment Results For Fiscal Year 2006**

PROVIDENCE – General Treasurer Paul J. Tavares announced earlier today that the investment portfolio for the Employees' Retirement System of Rhode Island (ERSRI) is up 12.4% for fiscal year ending June 30, 2006, the third consecutive year of double-digit returns for the pension fund.

The portfolio's 12.4% return outperformed the S&P 500's 8.6% return and was well ahead of the 8.25% target return established to cover annual pension obligations. The gain also exceeds, for the fourth consecutive year, the portfolio's policy index – or benchmark – of 11.5%. The fund has generated an average annual return of 11.5% over the past four years.

“Our investment strategy of diversifying into private equity, international stocks and real estate is driving the funds strong performance” said Treasurer Tavares. “The State Investment Commission (SIC) has ensured that we have a long-term, sound strategic investment policy, a fully diversified portfolio and highly skilled investment managers.”

The SIC, which oversees the ERSRI investments, hires professional investment managers who, in turn, invest the fund's assets according to targets based on asset liability models which reflect the demographics and benefits of the ERSRI's membership as well as expected returns in the global capital markets. In total, there are 14 professional investment managers for publicly traded securities, approximately 100 private equity and real estate funds, as well as three professional investment consultants.

The fund broke \$7 billion in assets during fiscal year 2006 as assets rose from \$6.7 billion at 6/30/05 to \$7.3 billion at 6/30/06.

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**FY06 Performance**

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The plan's private equity and international portfolios outperformed all other asset classes by a substantial margin with returns of 30.7% and 26.2%, respectively. The domestic equity portfolio generated a 10.1% return, which was driven largely by small cap stocks, while the fixed income composite was essentially break-even with a 0.7% return.

"I would like to thank the SIC members for their patience and diligence over the past few years. Their decisions to restructure and expand exposure to strategic asset classes and to consistently hire the "best of class" managers have helped propel the portfolio to better than expected heights," said Treasurer Tavares.